

Risk Management Policy and SOP

Article 1 Objective

This SOP is established to strengthen corporate governance and optimize risk management to meet the goal of the sustainable development of the organization.

Article 2 Policy

The Company's risk management policy is: "Maintain normal operations and achieve corporate sustainable development through effective identification, prevention, and control of risks with systematic and systematic management".

Article 3 Organizational Framework and Responsibilities

The Company's risk management organizational framework and responsibilities are as follows:

I. Board of Directors:

Approve the risk management policy and framework and supervise the effective management of the risk management mechanism as the highest decision-making body.

II. Corporate Governance Committee (CGC):

Established under the Board with a Risk Management Section with the chief appointed by the chairperson. The Risk Management Section implements risk management, coordinates related departments to engage in the identification, assessment, control and monitoring of risks, and reports to the CGC periodically.

The CGC supervises and assures that risk management complies with the policies established by the board. The CGC also reports to the board on the overall risk management at least once a year.

III. Each of the Company's related departments assess the likelihood and impact of each risk factor within their functions, and establish and implement necessary measures to properly manage risks.

IV. Auditing Office:

Establish the annual audit program according to the risk management policy and risk assessment results, implement audits according to the program, assist the board in supervising and controlling the potential risks of decisions, ensure the effective control of all risks, and make timely recommendations for improvements.

Article 4 Awareness Building

Education/training activities or seminars about risk management shall be arranged from time to time to promote the Company's risk management policy, procedures and requirements to enhance the awareness and execution power of risk management.

Article 5 Management Process

The management process is divided into four stages: risk identification, risk measurement, risk response, and risk monitoring.

I. Risk identification: The Company's four major risk categories are operational, financial, environmental, and business risks. The Risk Management Section and all related departments identify the potential risks related to operational activities at the risk management meetings. The four risk categories are described as follows:

(I) Operational Category:

This includes governance risk, reputation risk, strategy risk, operational risk, human resources risk, and the impact on business continuity from material policy and legal changes at home and abroad.

(II) Financial Category:

Refers to the deviation of the final financial outcomes from the predicted targets due to various unpredictable and uncontrollable factors in various financial activities, causing possible economic damage or greater profit to the enterprise. Including financial risk, investment risk, liquidity risk, foreign exchange rate risk and interest rate risk, funds lending to others risk, endorsement/guarantee risk, derivatives transaction risk, and financial decision risks that may affect corporate finance.

(III) Business Category:

The risk of damage caused by improper operations or internal operation, personnel or system errors, or by other external operations or related events. Including legal compliance risk, information security risk, OH&S management risk, and corruption risk.

(IV) Environmental Category:

Including climate change risk, environmental pollution liability risk, natural disaster risk, and severe external hazard risk.

II. Risk measurement: After assessing each risk factor within its function, each related department shall establish appropriate risk exposure measurement methods for the reference of risk management.

- (I) Risk measurement includes risk analysis and assessment. By analyzing the likelihood of occurrence of a risk and its level of negative impact, its impacts on the Company is assessed for reference to prioritize risk controls and establish risk addressing options.
 - (II) Quantifiable risks shall be analyzed and managed with strict statistical analysis methods and techniques.
 - (III) For risks that are difficult to quantify, likelihood of occurrence and the level of impact of such risks are described in writing.
- III. Risk response: The following countermeasures shall be adopted appropriately to address risks:
- (I) Risk elimination: Hold meetings to discuss the needs and possible measures to eliminate risks.
 - (II) Risk reduction: Set targets and related measures to reduce the operational risk of material issues.
 - (III) Risk dispersal: Top management shall convene all related departments to discuss various measures to disperse risks.
 - (IV) Risk transfer: Transfer the damage risk and legal risk to other parties by means of contracts.
- IV. Risk assumption: Control measures and targets of material issues shall be established to control inherent risks.
- V. Risk monitoring: The head of each department shall keep track of and control the management of risks within the department and its management process and take timely and appropriate actions.

Article 6 Information Disclosure

In addition to disclosing related information according to the regulations of the competent authorities, the Company discloses information related to risk management on the corporate website and in the annual report.

Article 7 Review of and Amendment to the Risk Management Policy and SOP

The CGC keeps track of the development trends of international and domestic risk management systems, periodically reviews the Company's risk management policy and SOP, and makes recommendations for improvements to discuss at the board meeting.

Article 8 This SOP shall take effect after the approval of the board. The same shall apply to amendments thereof.

Article 9 Announced and implemented on November 12, 2020.